

Company Registration No. 05113719 (England and Wales)

**PURE LEISURE GROUP LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 JANUARY 2020**

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# PURE LEISURE GROUP LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J C Morphet P Rossiter M Morphet G Walker S Stott G Newman
<b>Secretary</b>	P Rossiter
<b>Company number</b>	05113719
<b>Registered office</b>	South Lakeland House Main A6 Yealand Redmayne Nr Carnforth Lancashire LA5 9RN
<b>Auditors</b>	RSM UK Audit LLP (Chartered Accountants) Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE

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# PURE LEISURE GROUP LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 JANUARY 2020

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The directors present the strategic report for the year ended 31 January 2020.

#### Principal activities, risks and uncertainties

The principal activity of the Group in the UK is the sale of holiday homes and the management of a number of leisure parks across the country. Its overseas activities relate to the sale of private residences and the development and management of a 480 acre resort including a championship golf course and ancillary facilities at Westmoreland, St James, on the west coast of Barbados.

The Group's activities are subject to changes in the UK economic environment which can determine a customer's financial resources and future plans. This is the case whether the Group sells its products in the UK or in Barbados, where a large proportion of its property sales are to UK buyers.

Despite challenging trading conditions overseas, the Group has maintained its share of the market generating profits and the directors are delighted to report strong growth and profitability in its UK leisure park business.

#### Key financial and other performance indicators

The Group's key financial and other performance indicators during the year were as follows:

	2020 £'000	2019 £'000	Change %
Turnover	59,292	59,764	(0.8)
Gross Profit	27,166	29,873	(9.1)
Operating profit	7,421	14,028	(47.1)
	<u>Units</u>	<u>Units</u>	
Holiday Home sales in the UK (caravans and lodges)	343	422	
Whole Property Conveyances (Barbados)	8	8	

#### Trading performance

There have been no significant events which fall outside the general activities of the business in operating the UK holiday parks that have had a key impact on the operating profit for this part of the business. During the year two additional parks have been added to our portfolio (Trawsfynydd Holiday Village and Docker Park). Neither have had a significant impact on operating profit in the current year.

In the UK, revenue and gross margin is generated from the sale of holiday homes, annual pitch fees, holiday home rental and retail. The most significant element of turnover is generated from the sale of holiday homes and volumes vary in any given year depending on the general economic environment. Overall volumes have remained consistent with the prior year for all our holiday parks with the exception of Billing Aquadrome which saw a reduction 76 holiday home sales compared to the prior year. Average margins however, overall have improved.

In common with other businesses in this sector, the Group has been faced with increasing operating costs, in particular payroll costs (including National Living Wage and Auto-enrolment pension costs), utility costs and Local Authority business rates.

As a consequence, there has been a small reduction (c8%) in the operating profit of the UK holiday parks business.

The results of the overseas business is heavily dependent upon the real estate sales and margins. For the current year, whilst real estate sales volumes have remained consistent with the prior year there was an adjustment in the mix of the property types sold. Sales in the current year were turn-key properties and apartments compared to the prior year which included the sale of a plot of land and a custom built property on a prime location on our luxury Lancaster development.

# PURE LEISURE GROUP LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### Trading performance (continued)

Fractional sales have remained attractive to buyers in the year with strong sales of weeks in the Royal Palm Villa properties and Golf Cottages. Despite a reduction in properties available for rental, reservations income was strong. Leisure sales (food and beverage and golf) performed better than expected. Operating costs have increased year on year.

As a result, in the current year the overseas business generated a small operating loss compared to an operating profit in the prior year.

The balance sheet position has improved as a result of the performance in the year.

#### Covid-19 Pandemic

On 23 March 2020 the UK Government introduced the most significant set of restrictions on British life in living memory as the Prime Minister ordered people to stay in their homes. Our business was ordered to close as part of these measures, remaining closed until 4 July 2020. Following increases in infection rates, further national lockdowns were announced by the Prime Minister in November and December.

The Covid-19 pandemic has no impact on the reported results but will have an impact on the future performance of the business. Whilst it is too early to predict final trading results to 31 January 2021, results post 4 July 2020 until the beginning of November have been particularly encouraging in relation to both holiday home sales and short term holiday breaks and as a result overall profitability in the UK is unlikely to be materially effected.

#### External funding

The Company participates in group borrowings. The group has in place a term loan facility to 2028 (Facility A) and a revolving credit facility (Facility B) with HSBC and has sufficient cash resources to meet the working capital requirements for the foreseeable future. On the 28 July 2017 the above facilities with HSBC were amended and restated. The termination date of the revolving credit facility (Facility B) was amended to the seventh anniversary of the date of the original agreement. From the restatement date the interest rate on the revolving credit facility was amended to 3.25% above bank Base Rate.

On the 3 October 2018 the Group's facilities with HSBC were further amended and restated. There were no changes to the existing 'A' and 'B' facilities. A new £12m Accordion Facility (Facility 'C') was secured. On 6 November 2018 a drawdown of £5.2m was made under this facility. Interest on the 'C' facility is charged at 2.25% above LIBOR with capital repayments commencing on 31 January 2019.

At the same time the overdraft facility was reduced from £4m to £1m.

On 5 July 2019 a further drawdown of £2m was made under the 'C' Facility in relation to the acquisition of Trawsfynydd Holidays Limited, a holiday park in the Snowdonia National Park.

The facilities are secured over the UK leisure parks. Lowther Holiday Park Limited is excluded from the banks security net. Assets owned personally by Mr John Morphet are included within the security.

In April 2019, the Group acquired the trade and assets of Docker Park Farm, a small holiday park near Carnforth, through working capital.

#### Covid 19 pandemic

In response to the crisis, our planning and actions have focused on preparing the business for two distinct phases. We have categorised these phases as follows (i) lockdown and (ii) post lockdown.

##### Lockdown

Our strong Group liquidity position meant that we were able to sustain the business throughout the lockdown period despite a significant decline in revenue from holiday home and villa sales, short term holiday breaks and on site facilities including bars, restaurants, gyms and golf courses both in the UK and overseas. Government initiatives have also provided invaluable support for the leisure sector. As a business we have benefitted from the following measures:

# PURE LEISURE GROUP LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### Covid 19 pandemic (continued)

- (i) Coronavirus Job Retention Scheme;
- (ii) 100% relief from business rates for the 2020/2021 tax year;
- (iii) Cash grants of up to £25,000 for some parks
- (iv) In Barbados, as an employer who was retaining more than two-thirds of our workforce we were able to defer the employers' contribution to the NIS for three months with an additional three months available if necessary.

We immediately put in place cost mitigation measures to include overhead and discretionary spending and we deferred all non-essential capital expenditure.

Unfortunately, it was necessary to reduce the workforce overseas through a small number of redundancies.

During the lockdown periods essential staff remained on parks to ensure that the park infrastructure was maintained, owners holiday homes kept secure and the parks presented in the best possible way ready for re-opening.

In Barbados, construction work continued in relation to builds already in progress but all other activity on the resort was halted temporarily.

In Barbados the repayment of an historic VAT liability was agreed in June 2020 and the Group received Barbados \$5.165m.

We work closely with our major suppliers and contractors ensuring prompt payment of invoices to aid supplier cash flow.

We reviewed all our covenants in light of the changes in revenue and costs and we remain confident that no covenant ratios need to be amended or will be breached in the next 12 months and beyond.

#### Post Lockdown

Due to the planning undertaken, we were able to scale up operations quickly following the decision to re-open the holiday parks on 4 July 2020. The sale of caravans and lodges to private owners for holiday use on our parks have quickly recovered to pre lockdown levels until the holiday parks were forced to close again on 5 November 2020.

Our holiday home suppliers are facing their own particular challenges and the availability of holiday home stock in the short term may be restricted until pre lockdown production levels are resumed. To date, to a greater extent, we have been able to satisfy holiday home sales from existing stock held on park although it is accepted that Covid-19 could inhibit our ability to satisfy all the demand in a timely manner.

A move to UK staycation has also seen a marked spike in demand for the sale of holidays and short breaks in the Group-owned hire fleet and touring and camping revenue. With more customers on site revenue from on-park facilities has also recovered.

From 4 July 2020 Barbados became exempt from the Foreign and Commonwealth Office advice against all but essential international travel. As flights to and from Barbados have slowly recommenced we are seeing a return of holiday makers to the island and due to the continuing low levels of infection on the island Barbados remains a preferred destination for holiday makers.

We are committed to the relationship with our owners and are looking to implement a balanced package of support and incentives for the next 18 months.

In Barbados membership dues prices are likely to be held with members receiving more time to pay.

# **PURE LEISURE GROUP LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 JANUARY 2020**

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#### **Covid 19 pandemic (continued)**

In light of further travel restrictions introduced in November 2020 we worked closely with the Barbados Government to ensure that the newly introduced travel protocols did not materially impact holiday makers.

We will continue to commit to capital projects that improve the standards and services across the Group with the aim of increasing customer retention.

Our business strategy remains to ensure a safe environment for our customers and employees ensuring that all our holiday home owners and holiday makers have the best possible experience.

#### **Investment**

The Group has continued its strategy of investment across the Group to ensure that both the UK and overseas facilities are delivered to the highest possible standards.

#### **Employees**

Throughout the year the company maintained the practice of keeping employees informed about changes in corporate policies, activities and progress. Particular attention is given to the health and safety of employees and to the employment of disabled persons and the continued employment of employees who become disabled.

Regular communication is maintained through employee briefings and meetings.

Additionally, we introduced a new Employee Assistance Programme to try and provide support for our employees' mental and physical well-being. The Group has continued its strategy of considered investment to ensure that the facilities on its holiday parks are delivered to the highest possible standards.

#### **Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the Company and Group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors have prepared sensitised forecasts to 31 January 2022. The assumptions modelled are based on the estimated potential impact of Covid-19. We considered all revenue streams.

In the UK we assumed a reduction in holiday home sales. In mitigation, we will continue to drive standards across our portfolio of sites, developing new pitches where necessary and working closely with manufacturers with regard to both product and pricing.

A number of companies within the Group are approved by the Financial Conduct Authority to introduce holiday home customers to third party finance companies. Agreements are in place with these finance companies that in the event of a customer default a repurchase arrangement is triggered. Despite the current forbearance shown by the finance companies, it is assumed that the number of customer defaults is likely to increase. We will continue to work closely with the finance companies to mitigate any loss and not to place any customers in unnecessary hardship.

Due to the financial impact of Covid-19 we assumed a reduction in the income from owners. To mitigate, we offered early payment discounts across all parks and payment plans where necessary. The gross site fees have also been reduced for the 2021/22 season as a result of the temporary reduction in the VAT rate. It is anticipated that all of these factors will lead to a smaller reduction in the overall number of owners.

Changes in international travel are likely to result in more people holidaying in the UK. The revised forecasts assume an increase in holiday sales over the period. Where appropriate we will flex between private owners and hire fleet reacting to any changes in customer demand.

# PURE LEISURE GROUP LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### Going concern (continued)

In Barbados we have reduced the forecast number of property sales. In mitigation, there is ongoing construction work in relation to signed contracts that will continue for the next 18 months. Additionally, the resort is developing a range of townhouses at a lower entry pricing point to open up the resort to more potential buyers whilst still retaining the exclusivity of the resort. The management on island is working closely with the Barbados Government to investigate new areas of potential development opportunity on the site.

The forecast assumes a reduction in membership dues and holiday sales revenue. We will continue to look at a range of packages to support our members and will review the pricing of our holidays.

The financial covenants pertaining to the HSBC Bank plc facility are measured against the combined performance of the wider Group, which is Pure Leisure Group Limited, its UK and overseas subsidiaries and Pure Leisure (a sole trader business operated by John Morphet). Debt covenant tests are set on a rolling 12 month EBITDA/Adjusted net debt measured twice a year. Secondly, the Group must pass a loan to value covenant. The failure to comply with these covenants would render the full facilities repayable on demand at the option of the lenders. Therefore, in forming their conclusion in relation to going concern, the directors have considered the financing and covenant compliance position of the Group and based on the sensitised forecasts are confident that these covenant tests will continue to be met.

Based on the above the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

#### S172 Statement

All directors must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006.

The Board of Directors are committed to promoting the success of the Group for the benefit of its key stakeholders, including our customers (holiday home owners and holiday makers), our people, the environment, the communities surrounding our parks and our suppliers. The Group conducts regular board meetings to monitor and appraise the company's progress against its strategic priorities.

The Group has continued to support local and national charities and events throughout the year.

The Group is focused on ensuring that each of our holiday parks achieves and maintains a high level of customer experience. Continually, we are approaching our customers requesting their feedback and wherever possible we will react and strive to improve the experience we offer.

Our people are focussed on a collective commitment to create 'Memories Beyond Words' for our customers. Our people are core to our future success which is why we prioritise investment in recruitment, training and development.

Many of our Parks are in areas of natural beauty and conservation areas. Conservation is a priority of the Group. All our parks have the David Bellamy Conservation Award and are part of the BBKA Honey Bee Pledge. In 2019 we were the recipient of a Special Distinction Award in the David Bellamy Conservation Award Scheme and recognised for our 'impressive effort to create a valuable space for wildlife'.

We ensure that all suppliers are treated fairly and we are committed to meet agreed payment terms. We have frequent meetings with a number of our core suppliers to discuss the impact of Brexit and more latterly Covid-19 on the demand and supply chain. These meetings will continue and we will look to continue to work effectively with all our partners going forward.

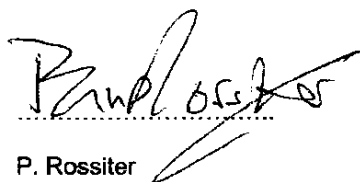
**PURE LEISURE GROUP LIMITED**

**STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 JANUARY 2020**

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By order of the board

A handwritten signature in black ink, appearing to read 'P. Rossiter', is written over a horizontal dotted line.

P. Rossiter  
Secretary  
26 January 2021



# PURE LEISURE GROUP LIMITED

## DIRECTORS REPORT

### FOR THE YEAR ENDED 31 JANUARY 2020

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The directors present their report and financial statements for the year ended 31 January 2020.

#### Principal activities

The principal activity of the Group in the UK is the sale of holiday homes and the management of a number of leisure parks across the country. Its overseas activities relate to the sale of private residences and the development and management of a 480 acre resort including a championship golf course and ancillary facilities at Westmoreland, St James, on the west coast of Barbados.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J C Morphet	
P Rossiter	
M D Morphet	
G Walker	
S Stott	Appointed 1 July 2019
G Newman	Appointed 1 June 2020
T White	Resigned 1 June 2020

#### Results and dividends

The profit for the year before taxation is £6,204k (2019: £12,629k). The profit for the year after taxation is £4,464k (2019: £10,710k).

The directors do not recommend the payment of a dividend (2019: £Nil).

#### Political donations

There were political donations of £Nil in the year (2019: £120k).

#### Post balance sheet events

In October 2020, the group acquired the assets of Gledfield Estate, a large highland estate in Scotland for £4.6m. Assets included buildings and 4,981 acres of land.

Post year end the Company entered into a contractual arrangement which grants a third party the ability to acquire a UK subsidiary on favourable terms. The conditions attaching to the contractual arrangement means that it is inappropriate at this stage to provide an estimate of its financial effect.

#### Engagement

A key part of Pure Leisure Group's ongoing strategy is to ensure that all our people are highly engaged.

Collectively coming together and celebrating an individuals success is extremely powerful and as a company we have introduced awards for 'Employee of the Year', 'Department of the Year' and 'Winning Behaviour'.

#### People Development

The Pure Leisure Group are committed to supporting the professional development of all our colleagues. We provide our apprentices with both knowledge and experience and a pathway to progress within the business whilst earning.

#### Equal Opportunities and disabled employees

The Group endorses the application of equal opportunities policies to provide fair and equitable conditions for all our colleagues regardless of sex, family status, religion, creed, colour, ethnic origin, age, disability or sexual orientation.

# PURE LEISURE GROUP LIMITED

## DIRECTORS REPORT

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### Financial risk management objectives and policies

The group is responsible for managing liquidity and interest risks associated with the group's activities. The group has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations. In accordance with the group's treasury policy, derivatives instruments are not entered into for speculative purposes.

**Interest rate risk** - The group is exposed to fair value interest rate risk on its fixed borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The group does not use interest rate derivatives to manage the mix of fixed and variable rate debt and has not reduced its exposure to changes in interest rates.

**Credit risk** - Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

**Liquidity risk** - The objective of the group is managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the group has credit facilities available. The group is in a position to meet its commitments and obligations as they come due.

#### Matters of strategic importance

Information is not shown within the Directors' Report as it is instead included within the Strategic Report on pages 1 to 6 under S414c(11).

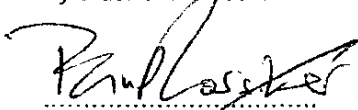
#### Auditor

Pursuant to section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and RSM UK Audit LLP will therefore continue in office.

#### Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the group's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditor is aware of that information.

By order of the board



P. Rossiter  
Secretary

26 January 2021

# **PURE LEISURE GROUP LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 JANUARY 2020**

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The directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PURE LEISURE GROUP LIMITED**

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### **Opinion**

We have audited the financial statements of Pure Leisure Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- *have been prepared in accordance with the requirements of the Companies Act 2006.*

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PURE LEISURE GROUP LIMITED**

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### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PURE LEISURE GROUP LIMITED

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### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Ian Taylor (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Blubell House  
Brian Johnson Way  
Preston  
PR2 5PE  
28 January 2021

# PURE LEISURE GROUP LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2020

	Notes	2020 £000	2019 £000
Turnover	3	59,292	59,764
Cost of sales		(32,126)	(29,891)
<b>Gross profit</b>		<b>27,166</b>	<b>29,873</b>
Administrative expenses		(19,745)	(15,845)
<b>Operating profit</b>	4	<b>7,421</b>	<b>14,028</b>
Interest receivable and similar income	8	11	18
Interest payable and similar charges	9	(1,401)	(1,401)
Exchange gains/(losses)		9	(16)
<b>Profit on ordinary activities before taxation</b>		<b>6,040</b>	<b>12,629</b>
Taxation	10	(1,705)	(1,919)
<b>Profit for the financial year</b>		<b>4,335</b>	<b>10,710</b>
<b>Other comprehensive income/(loss) net of taxation</b>			
Currency translation differences on foreign currency net investments		(2,211)	4,946
Dividends paid		(100)	-
<b>Other comprehensive (loss)/income for the year</b>		<b>(2,311)</b>	<b>4,946</b>
<b>Total comprehensive income for the year</b>		<b>2,024</b>	<b>15,656</b>

# **PURE LEISURE GROUP LIMITED**

## **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**

**FOR THE YEAR ENDED 31 JANUARY 2020**

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	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Profit for the year attributable to:</b>		
Owners of the parent	4,081	10,356
Non-controlling interests	254	354
<b>Profit for the year</b>	<u>4,335</u>	<u>10,710</u>
<b>Total comprehensive income for the year attributable to:</b>		
Owners of the parent	1,870	15,302
Non-controlling interest	154	354
<b>Total comprehensive income for the year</b>	<u>2,024</u>	<u>15,656</u>



# PURE LEISURE GROUP LIMITED

Company Registration No. 05113719

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 JANUARY 2020

	Notes	2020 £000	Group 2019 £000	2020 £000	Company 2019 £000
<b>Fixed assets</b>					
Goodwill		1,015	968	-	-
Negative goodwill		(32)	(37)	-	-
Total goodwill		983	931	-	-
Other intangible assets		21	26	21	26
Total intangible assets	11	1,004	957	21	26
Tangible assets	12	68,767	64,547	124	96
Investments	13	-	-	24,185	21,203
		69,771	65,504	24,330	21,325
<b>Current assets</b>					
Stocks	14	48,041	48,610	107	556
Debtors due within one year	15	8,813	9,059	44,541	43,852
Debtors due after more than one year	15	-	-	28,623	27,158
Cash at bank and in hand		5,189	4,507	-	1,418
		62,043	62,176	73,271	72,984
<b>Creditors: amounts falling due within one year</b>	16	(30,166)	(26,581)	(35,913)	(30,833)
Net current assets		31,877	35,595	37,358	42,151
<b>Total assets less current liabilities</b>		101,648	101,099	61,688	63,476
<b>Creditors: Amounts falling due after more than one year</b>	17	(34,005)	(35,787)	(31,535)	(33,262)
<b>Provisions for liabilities</b>	21	(1,133)	(826)	5	12
<b>Net assets</b>		66,510	64,486	30,158	30,226

**PURE LEISURE GROUP LIMITED**

Company Registration No. 05113719

**STATEMENTS OF FINANCIAL POSITION (CONTINUED)****AS AT 31 JANUARY 2020**

	Notes	2020 £000	Group 2019 £000	2020 £000	Company 2019 £000
<b>Capital and reserves</b>					
Called up share capital	23	-	-	-	-
Profit and loss reserves	24	66,007	64,137	30,158	30,226
		<u>66,007</u>	<u>64,137</u>	<u>30,158</u>	<u>30,226</u>
<b>Capital and reserves attributable to non-controlling interests</b>		503	349	-	-
<b>Total equity</b>		<u>66,510</u>	<u>64,486</u>	<u>30,158</u>	<u>30,226</u>

As permitted by s408 Companies Act 2006, the company has not presented its own Statement of Comprehensive income and related notes as it prepares group accounts. The company's loss for the year was £68k (2019 profit: £2,953k).

The financial statements were approved by the board of directors and authorised for issue on 26 Jan 2021 and are signed on its behalf by:



Mr P Rossiter  
Director

# PURE LEISURE GROUP LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2020

Group	Notes	Share capital £000	Profit and loss reserves £000	Controlling Interests £000	Non- controlling interests £000	Total £000
<b>Balance at 1 February 2018</b>		-	48,835	48,835	(5)	48,830
Profit for the year		-	10,356	10,356	354	10,710
Currency translation differences on overseas subsidiaries		-	4,946	4,946	-	4,946
Total comprehensive income for the year		-	15,302	15,302	354	15,656
<b>Balance at 31 January 2019</b>		-	64,137	64,137	349	64,486
<b>Balance at 1 February 2019</b>		-	64,137	64,137	349	64,486
Profit for the year		-	4,081	4,081	254	4,335
Currency translation differences on overseas subsidiaries		-	(2,211)	(2,211)	-	(2,211)
Dividends paid		-	-	-	(100)	(100)
Total comprehensive income for the year		-	1,870	1,870	154	2,024
<b>Balance at 31 January 2020</b>		-	66,007	66,007	503	66,510

**PURE LEISURE GROUP LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 JANUARY 2020**

Company	Notes	Share capital £000	Share premium account £000	Profit and loss reserves £000	Total £000
<b>Balance at 1 February 2018</b>					
Profit for the year		-	-	27,273	27,273
		-	-	2,953	2,953
<b>Balance at 31 January 2019</b>					
		-	-	30,226	30,226
<b>Balance at 1 February 2019</b>					
Loss for the year		-	-	30,226	30,226
		-	-	(68)	(68)
<b>Balance at 31 January 2020</b>					
		-	-	30,158	30,158

# PURE LEISURE GROUP LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2020

	Notes	2020 £000	2019 £000
<b>Cash flows from operating activities</b>			
Net cash from operating activities	29	11,431	10,123
Interest paid		(1,401)	(1,401)
Net income taxes paid		(2,325)	(2,153)
<b>Net cash from operating activities</b>		<u>7,705</u>	<u>6,569</u>
<b>Cash flow Investing activities</b>			
Purchase of tangible fixed assets	12	(3,705)	(8,951)
Purchase of intangible fixed assets	11	-	(6)
Purchase of subsidiary net of cash		(2,832)	(2,409)
Proceeds on disposal of tangible fixed assets		657	672
Interest received		11	17
<b>Net cash (used in) investing activities</b>		<u>(5,869)</u>	<u>(10,677)</u>
<b>Cash flow from financing activities</b>			
Repayment of bank loans		(1,744)	(3,140)
New bank loans		-	8,700
Repayment of finance leases		(7)	(23)
Payment of dividends		(100)	-
<b>Net cash (used in)/generated from financing activities</b>		<u>(1,851)</u>	<u>5,537</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(15)</u>	<u>1,429</u>
Cash and cash equivalents at beginning of year		4,507	3,029
Effect of foreign exchange rate changes		(3)	49
<b>Cash and cash equivalents at the end of the year</b>		<u>4,489</u>	<u>4,507</u>
<b>Cash and cash equivalents consists of:</b>			
Bank balances and short term deposits included in cash at bank and in hand		4,489	4,507
<b>Cash and cash equivalents</b>		<u>4,489</u>	<u>4,507</u>

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### 1 Accounting policies

##### Company information

Pure Leisure Group Limited ("the company") is a private company limited by shares incorporated in England and Wales. The registered office is South Lakeland House, Main A6, Yealand Redmayne, Nr Carnforth, Lancashire, LA5 9RN.

The group consists of Pure Leisure Group Limited and all of its subsidiaries.

The principal activity of the Group in the UK is the sale of holiday homes and the management of a number of leisure parks across the country. Its overseas activities relate to the sale of private residences and the development and management of a 480 acre resort including a championship golf course and ancillary facilities at Westmoreland, St James, on the west coast of Barbados.

##### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include certain assets and financial instruments at fair value.

The consolidated financial statements are presented in sterling which is the functional currency of most of the group. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

##### Basis of exemption

For the year ended 31 January 2020 a number of the group's subsidiaries (as listed in note 13) are exempt from the requirements of an audit, by virtue of section 479a of the Companies Act 2006, for their individual financial statements as Pure Leisure Group Limited, the parent undertaking, has provided a guarantee to the relevant subsidiaries under section 479c in respect of the year ended 31 January 2020.

##### Basis of consolidation

The consolidated financial statements incorporate those of Pure Leisure Group Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All financial statements are made up to 31 January 2020, except Lowther Holiday Park Limited whose financial year ends on 31 October. Transactions occurring in the period between 31 October 2019 & 31 January 2020 have been reflected in the consolidated financial statements.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

##### Business combinations

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors have prepared sensitised forecasts to 31 January 2022. The assumptions modelled are based on the estimated potential impact of Covid-19. All revenue streams were considered.

In the UK we assumed a reduction in holiday home sales. In mitigation, we will continue to drive standards across our portfolio of sites, developing new pitches where necessary and working closely with manufacturers with regard to both product and pricing.

A number of companies within the Group are approved by the Financial Conduct Authority to introduce holiday home customers to third party finance companies. Agreements are in place with these finance companies that in the event of a customer default a repurchase arrangement is triggered. Despite the current forbearance shown by the finance companies, it is assumed that the number of customer defaults is likely to increase. We will continue to work closely with the finance companies to mitigate any loss and not to place any customers in unnecessary hardship.

Due to the financial impact of Covid-19 we assumed a reduction in the income from owners. To mitigate, we offered early payment discounts across all parks and payment plans where necessary. The gross site fees have also been reduced for the 2021/22 season as a result of the temporary reduction in the VAT rate. It is anticipated that all of these factors will lead to a smaller reduction in the overall number of owners.

Changes in international travel are likely to result in more people holidaying in the UK. The revised forecasts assume an increase in UK holiday sales over the period. Where appropriate we will flex between private owners and hire fleet reacting to any changes in customer demand.

In Barbados we have reduced the forecast number of property sales. In mitigation, there is ongoing construction work on signed contracts that will continue for the next 18 months. Additionally, the resort is developing a range of townhouses at a lower entry pricing point to open up the resort to more potential buyers whilst still retaining the exclusivity of the resort. The management on island is working closely with the Barbados Government to investigate new areas of potential development opportunity on the site.

The forecast assumes a reduction in membership dues and holiday sales revenue. We will continue to look at a range of packages to support our members and will review the pricing of our holidays.

The financial covenants pertaining to the HSBC Bank plc facility are measured against the combined performance of the wider Group, which is Pure Leisure Group Limited, its UK and overseas subsidiaries and Pure Leisure (a sole trader business operated by John Morphet). Debt covenant tests are set on a rolling 12 month EBITDA/Adjusted net debt measured twice a year. Secondly the Group must pass a loan to value covenant. The failure to comply with these covenants would render the full facilities repayable on demand at the option of the lenders. Therefore, in forming their conclusion in relation to going concern, the directors have considered the financing and covenant compliance position of the Group and based on the sensitised forecasts are confident that these covenant tests will continue to be met.

Based on the above the directors have a reasonable expectation that the company and group will continue in operational existence for the foreseeable future.

# **PURE LEISURE GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 JANUARY 2020**

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#### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable net of discounts and value added taxes.

Turnover on the sale of new and used holiday homes in the United Kingdom is recognised on completion of the sale and the handover of the holiday home to the customer.

Turnover is also derived from the sale of villas in Barbados as follows:

- (a) Turnover on land sales are recognised as revenue when:
  - i) A purchase and sale agreement for the land has been signed and exchanged;
  - ii) The agreed deposit per the purchase and sale agreement has been paid.
- (b) Turnover on custom house sales is recognised as revenue when:
  - i) A building contract has been signed;
  - ii) The agreed deposit per the building contract has been paid;
  - ii) The house has reached foundation stage.
- (c) Turnover on turn key house sales are recognised as revenue when the property has been conveyed and the purchaser has taken possession of the property. Funds received on account of the property sales are treated as deferred income.
- (d) Turnover on fractional sales are recognised 100% in the year of sale and is directly related to the issue of fractional ownership certificates. Fractional ownership certificates are only issued by the Trustee (First National Trust Company) after the full purchase price of the fraction has been received by the Trustee and the related property has been built and certified as completed.
- (e) For all houses that are unfinished at the year end but have reached foundation stage, management assesses the percentage of completion. This percentage is then used to allocate the contract income and total projected build cost to the profit and loss account.

Turnover arising from the management of holiday parks in the United Kingdom and resort management in Barbados is recognised when earned.

#### **Intangible fixed assets – Goodwill**

Goodwill arising on the acquisition of a business represents the excess of the cost of acquisition (being the cash paid and the fair value of other consideration given) over the fair value of the separable assets acquired. The fair value of the acquired assets and liabilities are assessed in the year of acquisition and the subsequent year, which may impact on the goodwill recognised. Goodwill is capitalised and written off on the straight-line basis over its useful economic life of 5 / 15 / 50 years.

Negative goodwill arises where the interest in the net amount of the identifiable assets, liabilities and provisions for contingent liabilities exceeds the cost of the business acquisition. The negative goodwill is recognised and separately disclosed on acquisition date and released to the profit and loss in the periods expected to be benefited, being 10 years.

Provision is made for any impairment in its value. The useful economic life is the expected period over which the company expects to derive an economic benefit, and is reviewed on an annual basis.



# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### **Intangible fixed assets other than goodwill**

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Software	4 years
- Goodwill	5 / 15 / 50 years
- Negative goodwill	10 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect new expectations.

#### **Tangible fixed assets**

Tangible fixed assets, other than freehold land, are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset to its estimated residual value using the straight line method. The rates applicable are as follows:

#### **Tangible fixed assets**

- Depreciable assets-	
- Freehold buildings: pitch development,	
- Golf courses, complexes and ancillary facilities	10-50 years
- Hire caravans	10 years
- Motor vehicles	4-5 years
- Fixtures, fittings, plant and equipment	3-20 years

Land is not depreciated. Fair values are attributed to land purchased on the acquisition of subsidiaries.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

#### **Fixed asset investments**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### **Impairments of fixed assets**

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### **Stocks**

Stocks of holiday homes and other goods for resale are valued at the lower of cost and estimated selling price less costs to sell. Cost is determined using the purchase price plus all costs incurred in bringing the products to their present location and condition.

At each reporting date, the group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss.

#### **Development property**

##### *i) Capitalisation of land and infrastructural development costs*

Over the period of the development of the resort in Barbados certain administrative and finance costs were capitalised as infrastructural development costs and are included under development property (see stock). These costs included certain land and infrastructural development, construction administration costs, central administration costs, master project costs, interest on shareholder's balances, landscaping costs and the property owners' association deficit.

With effect from 31 December 2000, except for new master project costs, no further cost have been capitalised as the project's infrastructure has been completed.

##### *ii) Charge to income*

Land and infrastructural development costs which have been capitalised and noted in (i) above are allocated to property sales based on their land area, and represent the appropriate portion of the sum of costs of the land plus development costs incurred.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **Financial Instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial assets and liabilities are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

#### **Financial assets**

Basic financial assets, which include trade and other receivables, cash and bank balances and group debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

#### **Loans and receivables**

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### **Financial liabilities**

Basic financial liabilities which include trade and other payables, amounts due to group and amounts due to related parties are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

#### **Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

#### **Provisions**

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

*Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.*

#### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate prevailing at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

#### **Reduced disclosures**

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements and these disclosures are provided on a consolidated basis:

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### **Reduced disclosures (continued)**

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The financial statements of the Company are consolidated in the financial statements of Pure Leisure Group Limited. The consolidated financial statements of Pure Leisure Group Limited are available from its registered office, South Lakeland House, Main A6, Yealand Redmayne, Nr Carnforth, Lancashire, LA5 9RN.

#### **Grants**

Grants are recognised at the fair value of the asset received or receivable when there is a reasonable assurance that the grant conditions will be met and the grants will be received.

*Income from government grants is recognised when the associated performance conditions are met and is presented within other operating income.*

## **2 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Critical accounting estimates and assumptions**

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### **Percentage of completion**

In Barbados, the group uses the percentage-of-completion method in accounting for its contracts. Use of the percentage-of-completion method requires the group to estimate the services performed to date as a proportion of the total services performed.

#### **Onerous lease**

Following their sale, certain properties on the Royal Westmoreland resort were leased back by the Group to then offer as holiday rentals to customers. The provision in the accounts covered the expected shortfall of the revenue derived from leasing these properties to customers compared to the Group's leasing commitments and associated expenses over the period of the lease. The provision had been calculated using current lease costs and expected future rental income based on current rental income and assumptions on future growth. These onerous lease arrangements ceased in the year ended 31 January 2019.

#### **Fair value adjustment to land**

On the acquisitions of Trawfynydd Holidays Limited and DWR Bronaber CYF the assets and liabilities of Trawfynydd Holidays Limited and DRW Bronaber CYF were consolidated at their fair values to the Group. The fair value adjustment on acquisition included a fair value uplift to land of £1,135k.

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

### 3 Turnover

#### Turnover analysed by geographical market

	2020 £000	2019 £000
United Kingdom	45,401	43,880
West Indies	13,891	15,884
	<u>59,292</u>	<u>59,764</u>

#### Turnover analysed by class of business

	2020 £000	2019 £000
Caravan and lodge sales	29,737	29,934
Property revenue	8,718	11,205
Other caravan/lodge related income	3,800	2,697
Site fees and similar income	6,300	5,711
Rental and tourer income	3,266	3,275
Bar, shop and food income	3,183	2,973
Leisure centre income	541	469
Golf sales	3,255	3,115
Other income	492	384
	<u>59,292</u>	<u>59,764</u>

### 4 Operating profit

Operating profit is stated after charging/(crediting):

	2020 £000	2019 £000
Depreciation of owned tangible fixed assets	1,677	1,459
Depreciation of tangible fixed assets held under hire purchase agreements	-	9
Amortisation of intangible assets	57	42
Rentals payable under operating leases		
- Hire of plant and machinery	67	74
- Hire of other assets	-	659
Inventory recognised as an expense	18,475	14,649
Unwinding of onerous lease provision	-	(767)
	<u></u>	<u></u>

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

	2020 £000	2019 £000
<b>5 Auditor's remuneration</b>		
Fees payable to the company's auditor and its associates		
<b>For audit services:</b>		
Audit of the group's and company's financial statements	5	5
Audit of the company's subsidiaries	73	48
	<u>78</u>	<u>53</u>
<b>For other services:</b>		
Taxation compliance services	22	27
Other non-audit services	21	33
	<u>43</u>	<u>60</u>

### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	<b>Group</b>		<b>Company</b>	
	<b>2020 No</b>	<b>2019 No</b>	<b>2020 No</b>	<b>2019 No</b>
Sales, administrative and distribution	431	375	32	30
	<u>431</u>	<u>375</u>	<u>32</u>	<u>30</u>

The aggregate remuneration comprised:

	<b>Group</b>		<b>Company</b>	
	<b>2020 £000</b>	<b>2019 £000</b>	<b>2020 £000</b>	<b>2019 £000</b>
Wages and salaries	9,141	8,040	1,260	910
Social security costs	855	695	125	85
Pension costs	107	59	26	15
	<u>10,103</u>	<u>8,794</u>	<u>1,411</u>	<u>1,010</u>

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

	2020 £000	2019 £000
<b>7 Directors' remuneration</b>		
Remuneration for qualifying services	359	242
Pension contributions	7	3
	<u>366</u>	<u>245</u>

The number of directors who received benefits under defined contribution schemes during the year was 3 (2019: 3). There are no directors for whom retirement benefits are accruing under defined benefit schemes.

Remuneration disclosed above include the following amounts paid to the highest paid director

	2020 £000	2019 £000
Remuneration for qualifying services	194	87
Pension contributions	4	2
	<u></u>	<u></u>

	2020 £000	2019 £000
<b>8 Interest receivable and similar income</b>		
<b>Interest income</b>		
Other interest receivable	11	18
Total interest revenue	<u>11</u>	<u>18</u>

	2020 £000	2019 £000
<b>9 Interest payable and similar charges</b>		
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on senior bank loans and revolving facility	1,401	1,401
Total interest expense	<u>1,401</u>	<u>1,401</u>



# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

10	Taxation	2020 £000	2019 £000
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	1,602	1,875
	Adjustments in respect of prior periods	(8)	(4)
	Total current tax	1,594	1,871
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	111	48
	Total deferred tax	111	48
	Total tax charge	1,705	1,919

A reduction in the UK corporation tax rate from 19% to 17% effective from 1 April 2020 was substantively enacted on 6 September 2016. This was expected to reduce the company's future tax charge accordingly. However, it was announced in the Budget on 11 March 2020 that the reduction to 17% will not actually occur on 1 April 2020 and that the UK corporation tax rate will remain at 19% from the years starting 1 April 2020 and 1 April 2021.

The tax charge for the year is higher (2019: lower) than would be calculated by applying the standard rate of corporation tax in the UK of 19% (2019: 19%) to the profit on ordinary activities. The differences are explained below. The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2020 £000	2019 £000
Profit before taxation	6,040	12,629
Expected tax charge based on a corporation tax rate of 19% (2019: 19%)	1,150	2,399
Fixed asset differences	89	72
Tax effect of expenses that are not deductible in determining taxable profit	73	(40)
Income not taxable for tax purposes	(68)	-
Chargeable gains	3	-
Losses utilised	-	(7)
Adjustment to deferred tax to average rate	(3)	-
Other short term timing differences	-	1
Capital allowances in excess of depreciation	-	5
Other tax adjustments, reliefs and transfers	-	25
Deferred tax not recognised	-	(14)
Profit on non-taxable overseas subsidiaries	479	(502)
Adjustments in respect of prior years	(8)	(4)
Change in UK tax rate	(10)	(16)
Tax expense for the year	1,705	1,919

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

#### 11 Intangible assets

##### Group

	Goodwill £000	Negative Goodwill £000	Computer Software £000	Total £000
<b>Cost</b>				
1 February 2019	1,291	(55)	63	1,299
Additions (note 31)	104	-	-	104
31 January 2020	1,395	(55)	63	1,403
<b>Amortisation and impairment</b>				
1 February 2019	323	(18)	37	342
Amortisation	57	(5)	5	57
31 January 2020	380	(23)	42	399
<b>Carrying amount</b>				
31 January 2020	1,015	(32)	21	1,004
31 January 2019	968	(37)	26	957

Amortisation of intangible fixed assets is included in administrative expenses.

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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**11 Intangible assets continued**  
**Company**

	<b>Purchased Computer Software £000</b>	<b>Total £000</b>
<b>Cost</b>		
1 February 2019 and 31 January 2020	<u>63</u>	<u>63</u>
<b>Amortisation and impairment</b>		
1 February 2019	37	37
Amortisation charged in the year	5	5
31 January 2020	<u>42</u>	<u>42</u>
<b>Carrying amount</b>		
31 January 2020	<u>21</u>	<u>21</u>
31 January 2019	<u>26</u>	<u>26</u>

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

12	Tangible fixed assets								
	Group								
	Cost	Land and buildings £000	Hire caravans £000	Fixtures, fittings, plant and equipment £000	Motor vehicles £000	Total £000			
	1 February 2019	82,299	1,719	10,108	339	94,465			
	Exchange adjustment	(188)	-	(70)	-	(258)			
	Additions	2,641	524	452	88	3,705			
	Reclassification	-	-	-	-	-			
	Transfers on purchase of subsidiary	1,841	-	147	90	2,078			
	Fair value adjustment	1,135	-	-	-	1,135			
	Disposals	(24)	(856)	(169)	(39)	(1,088)			
	31 January 2020	87,704	1,387	10,468	478	100,037			
	<b>Depreciation and impairment</b>								
	1 February 2019	20,143	489	9,049	237	29,918			
	Exchange adjustment	(43)	-	(64)	-	(107)			
	Depreciation charged in the year	911	161	548	57	1,677			
	Eliminated in respect of disposals	-	(231)	(161)	(39)	(431)			
	Transfer on purchase of subsidiary	-	-	131	82	213			
	31 January 2020	21,011	419	9,503	337	31,270			
	<b>Carrying amount</b>								
	31 January 2020	66,693	968	965	141	68,767			
	31 January 2019	62,156	1,230	1,059	102	64,547			

# **PURE LEISURE GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 JANUARY 2020**

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#### **12 Tangible fixed assets (continued)**

Included in land and buildings is land with a net book value of £18,522,000 (2019: £15,522,000). Land is not depreciated. On 12 July 2019 Pure Leisure Group Limited acquired 100% of the share capital of Trawsfynydd Holidays Ltd. The cost and fair value of the land acquired was £3,000,000. This has been recognised within land and buildings on consolidation.

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

12	Tangible fixed assets (continued)								
	Company								
	Cost								
	1 February 2019	25	232	193	450				
	Additions	10	26	55	91				
	31 January 2020	35	258	248	541				
	Depreciation and impairment								
	1 February 2019	14	205	135	354				
	Depreciation charged in the year	3	23	37	63				
	31 January 2020	17	228	172	417				
	Carrying amount								
	31 January 2020	18	30	76	124				
	31 January 2019	11	27	58	96				

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

13	Fixed asset investments	2020 £000	2019 £000
	<b>Company</b>		
	Shares in group undertakings	24,185	21,203
		<u>24,185</u>	<u>21,203</u>
	<b>Movements in fixed asset investments</b>		
			<b>Shares in group undertakings £000</b>
	<b>Cost</b>		
	At 1 February 2019		57,146
	Additions (note 31)		2,982
			<u>60,128</u>
	Cost at 31 January 2020		<u>60,128</u>
	<b>Accumulated impairment</b>		
	At 1 February 2019 and 31 January 2020		35,943
	<b>Carrying amount</b>		
	At 31 January 2020		<u>24,185</u>
	At 31 January 2019		<u>21,203</u>

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

#### 13 Fixed Asset investments (continued)

At 31 January 2020, the principal undertakings in which the group's interest was more than 20% were as follows:

	Country of Incorporation	Principal activity	Class of shares	Holding Group	Company
<b>Subsidiary undertakings</b>					
Pure Leisure Estates Limited	England and Wales	Operation of leisure parks	Ordinary £1	100%	100%
Pure Leisure Air Limited*	England and Wales	Provision of helicopter flights	Ordinary £1	100%	100%
Northamptonshire Leisure Estates Limited*	England and Wales	Holding company	Ordinary £1	100%	100%
Billing Assets Limited	England and Wales	Holding company	Ordinary £0.0001	100%	-
Billing Aquadrome Limited	England and Wales	Operation of leisure parks	Ordinary £1	100%	-
Caribbean Leisure Estates Ltd	British Virgin Islands	Holding company	Ordinary US\$1	100%	100%
Silver Sands Holding Limited	British Virgin Islands	Holding company	Ordinary US\$1	100%	-
Coronation International Golf Limited	Barbados	Development and operation of golf course	Common (nil par)	100%	-
Leisure Properties (BVI) Limited	Barbados	Operation of leisure facilities	Ordinary US\$1	100%	100%
Pure Leisure (Caribbean) Ltd	Barbados	Holding company	Ordinary US\$1	100%	100%
Penina Limited	Barbados	Holding company	Ordinary US\$1	100%	-
The Sugar Hill Golf Company Limited	Barbados	Development and operation of golf course	Ordinary US\$1	100%	-
Lancaster Estates Limited	Barbados	Development and operation of golf course	Ordinary BD\$1	100%	100%
Bridlington Links Golf and Leisure Estate Limited	England and Wales	Operation of golf and leisure complex	Ordinary £1	100%	100%
Tydd St Giles Golf and Leisure Complex Limited*	England and Wales	Operation of golf and leisure complex	Ordinary £1	100%	100%
Tydd St Giles Lodge Developments Limited	England and Wales	Operation of leisure park	Ordinary £1	100%	100%
Pure Pendle Limited	England and Wales	Development of lodge park	Ordinary £1	90%	90%
Pure Leisure Lakes Limited	England and Wales	Operation of leisure park	Ordinary £1	100%	100%
Primrose Bank Caravan Park	England and Wales	Operation of leisure park	Ordinary £1	100%	100%
Waterloo Place Property Fund	England and Wales	Dormant company	Ordinary £1	100%	100%
General Partner No 1 Limited					
Fylde Golf and Leisure Estates Ltd*	England and Wales	Development of lodge park	Ordinary £1	100%	100%
Pure Leisure Cumbria Limited*	England and Wales	Holding company	Ordinary £1	100%	100%
Pure Leisure Penrith Limited*	England and Wales	Holding company	Ordinary £1	100%	
Billing Investments Limited	England and Wales	Holding company	Ordinary £1	100%	
Lowther Holiday Park Limited	England and Wales	Operation of leisure park	Ordinary £1	60%	
WES (UK) Limited	England and Wales	Dormant company	Ordinary £1	100%	100%
Bowland Lakes Leisure Village Limited	England and Wales	Operation of leisure park	Ordinary £1	100%	100%
Sionview Investments Limited	British Virgin Islands	Holding company	Ordinary US\$1	100%	100%
Trawsfynydd Holidays Limited	England and Wales	Operation of leisure park	Ordinary £1	100%	100%
DWR Bronaber CYF	England and Wales	Operation of borehole	Ordinary £1	100%	100%
Docker Park Farm Kirkby Lonsdale Limited	England and Wales	Operation of leisure park	Ordinary £1	100%	100%

\* Exempt from audit (note 1). The guarantee given by the Company under section 479A of the Act is disclosed in notes 25 and 1.

The financial statements of all subsidiaries are prepared to 31 January 2020 except Lowther Holiday Park Limited whose financial year ends on 31 October.



# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

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**14 Stocks**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Work in progress – development property	40,087	42,197	107	556
Holiday homes	7,954	6,413	-	-
	<u>48,041</u>	<u>48,610</u>	<u>107</u>	<u>556</u>

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

15	Debtors	Group		Company	
		2020 £000	2019 £000	2020 £000	2019 £000
	<b>Amounts falling due within one year:</b>				
	Trade debtors	3,772	3,688	8	32
	Amounts due from group undertakings	-	-	43,479	42,719
	Amounts due from related parties	599	1,463	276	513
	Other debtors	3,080	2,539	324	207
	Corporation tax debtor	-	-	319	-
	Prepayments and accrued income	1,362	1,369	135	381
		<u>8,813</u>	<u>9,059</u>	<u>44,541</u>	<u>43,852</u>

Amounts due from group undertakings are interest free and repayable on demand.

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
<b>Amounts falling due after more than one year:</b>				
Amounts due from fellow group undertakings	-	-	28,623	27,158
<b>Total debtors</b>	<u>8,813</u>	<u>9,059</u>	<u>73,164</u>	<u>71,010</u>

The Company has a US dollar denominated loan due from Coronation International Golf Limited. The loan is documented under the Amendment Agreement dated 15 September 2015 and subsequently further amended on 11 October 2017. The loan is unsecured and bears interest at 7.5% plus UK Libor and is due for repayment on 30 June 2022. The Company waived all interest until further notice with effect from 1 February 2018.

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

16	Creditors: Amounts falling due within one year	Group		Company	
		2020 £000	2019 £000	2020 £000	2019 £000
	Bank Loans and overdrafts	4,174	3,472	4,174	3,472
	Other loans	12	51	-	-
	Obligations under hire purchase agreements	-	7	-	7
	Payments received on account	1,341	52	-	-
	Trade creditors	4,300	3,982	101	699
	Amounts due to group undertakings	-	-	28,080	22,785
	Amounts due to related parties	4,041	4,474	2,990	3,516
	Other creditors including social security	1,387	439	133	96
	Corporation tax	117	711	-	-
	Accruals and deferred income	14,794	13,393	435	258
		<u>30,166</u>	<u>26,581</u>	<u>35,913</u>	<u>30,833</u>

Included in Other creditors including social security are pension contributions payable of £24k (2019: £11k).

Amounts due to group undertakings are interest free and repayable on demand.

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

#### 17 Creditors: Amounts falling due after more than one year

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Bank loans and overdrafts	31,535	33,262	31,535	33,262
Other loans	39	-	-	-
Other creditors	2,431	2,525	-	-
	<u>34,005</u>	<u>35,787</u>	<u>31,535</u>	<u>33,262</u>

#### 18 Analysis of changes in Group net funds

	1 Feb 2019 £000	Cash flows £000	31 Jan 2020 £000
<b>Due within one year:</b>			
Bank overdrafts	-	700	700
Borrowings excluding overdrafts	<u>3,530</u>	<u>656</u>	<u>4,186</u>
	3,530	1,356	4,886
<b>Due after more than one year:</b>			
Borrowings excluding overdrafts	<u>33,262</u>	<u>(1,688)</u>	<u>31,574</u>
Total net debts	<u>36,792</u>	<u>(332)</u>	<u>36,460</u>

#### 19 Loans and other borrowings

	Group	
	2020 £000	2019 £000
Bank loans	35,709	36,734
Borrowing costs	292	325
Other loans	51	51
Hire purchase	-	6
	<u>36,052</u>	<u>37,116</u>

Bank loans are the only borrowings which exceed 5 years. Bank loans falling due after 5 years total £10,041k.

Interest rates on all loans are as follows:

HSBC Facility 'A' – 2.25% above base

HSBC Facility 'B' – 3.25% above base

HSBC Facility 'C' – 2.25% + 3 month LIBOR

HSBC Development loan – 2.25% above base

In June 2015 the directors secured two commercially advantageous facilities with HSBC Bank plc. These facilities have been amended and restated in subsequent financial years.

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### Loans and other borrowings (continued)

On the 3 October 2018 the Group's facilities with HSBC were further amended and restated. There were no changes to the existing 'A' and 'B' facilities. A new £12m Accordion Facility (Facility 'C') was secured. On 6 November 2019 a drawdown of £5.2m was made under this facility. The drawdown was used to repay the £2.2m Term Loan (11 October 2017) in relation to the purchase of the freehold interest at Bridlington Links. The balance of £3m was drawn down to reimburse funds paid by the Group from working capital to purchase the investment in Lowther Holiday Park Limited. Interest on the 'C' Facility is charged at 2.25% above LIBOR with capital repayments commencing on 31 January 2020.

On 5 July 2019 a further drawdown of £2m was made under the 'C' Facility in relation to the acquisition of Trawsfynydd Holidays Limited, a holiday park in the Snowdonia National Park (note 31).

The facilities are secured over the UK leisure parks. Lowther Holiday Park Limited is excluded from the banks security net. Assets owned personally by Mr John Morphet are included within the security.

In April 2019, the Group acquired the business and assets of Docker Park Farm a small holiday park near Carnforth through working capital.

The above facilities are secured by a debenture deed dated 30 June 2015. The security provided is a composite company unlimited multilateral guarantee given by Pure Leisure Group Limited (the company), Pure Leisure Estates Limited, Pure Leisure Lakes Limited, Tydd St Giles Golf and Leisure Complex Limited, Bridlington Links Golf and Leisure Estate Limited, Billing Aquadrome Limited, Billing Assets Limited, Northamptonshire Leisure Estates Limited, Pure Leisure Air Limited, Pure Pendle Limited and Tydd St Giles Lodge Developments Limited, Primrose Bank Caravan Park Limited, WES (UK) Limited, Fylde Golf and Leisure Estates Limited, Billing Investments Limited, Pure Leisure Penrith Limited, Pure Leisure Cumbria Limited, Trawsfynydd Holidays Limited and Docker Park Farm Kirkby Lonsdale Ltd. Also, there is a first legal charge over the parks owned personally by John Morphet, Fell End Caravan Park, Hallmore Caravan Park and Crook O Lune Holiday Park.

In addition, there is a negative pledge in place.

In Barbados, there are two facilities from Signia Financial Group Inc.

- i) On 25 April 2018, the company obtained a loan to purchase a 2019 Toyota Hiace. The loan is repayable in five (5) years and bear interest at the prime rate minus 3.25%. The loan was secured by a bill of sale over the vehicle.
- ii) On November 8, 2019, the company obtained a loan to purchase a vehicle. The loan is repayable in five (5) years and bear interest at the rate of 5.5%. The loan was secured by a bill of sale over the vehicle.

In addition, there is one credit facility from the Bank of Nova Scotia. This facility is a credit facility of \$1,000,000 of which \$500,000 BDS\$ was drawn at the year end 31 January 2019. This credit facility expired on 30 April 2019. It was not renewed subsequent to expiration.

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

#### 20 Finance lease commitments

Future minimum lease payments due under finance leases:

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Less than one year	-	7	-	7
Total	<u>-</u>	<u>7</u>	<u>-</u>	<u>7</u>

The finance leases relate primarily to the vehicles and tractors. There are no contingent rental, renewal or purchase option clauses. All finance leases ceased in the year ended 31 January 2020.

#### 21 Provisions for liabilities

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Deferred tax liabilities	1,133	826	-	-
Deferred tax (assets)	-	-	(5)	(12)
	<u>1,133</u>	<u>826</u>	<u>(5)</u>	<u>(12)</u>

#### 22 Deferred taxation

	Group	
	2020 £000	2019 £000
Deferred tax liabilities	1,133	826
Net position at 31 January 2020	<u>1,133</u>	<u>826</u>

The provision for deferred tax consists of the following deferred tax liabilities (assets):

	Group	
	2020 £000	2019 £000
Accelerated capital allowances	1,133	826
Total provision	<u>1,133</u>	<u>826</u>

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### 22 Deferred taxation (continued)

	<b>Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Deferred tax (assets)	(5)	(12)
Net position at 31 January 2020	<u>(5)</u>	<u>(12)</u>

The provision for deferred tax consists of the following deferred tax (assets):

	<b>Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	(5)	(12)
Total	<u>(5)</u>	<u>(12)</u>

#### Deferred Tax Movement

	<b>£000</b>
Deferred tax at 1 February 2019	826
Deferred tax movements:	
Charge in year	110
Additions from acquisitions of subsidiaries	<u>197</u>
Total movements	<u>307</u>
Deferred tax at 31 January 2020	<u>1,133</u>

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### 23 Share capital

	100 ordinary shares of £1 each Number
Allotted, issued and fully paid: 1 February 2019	100
31 January 2020	<u>100</u>

Called-up share capital – represents the nominal value of shares that have been issued.

There is a single class of ordinary shares. There are no restrictions on voting rights, distribution of dividends and the repayment of capital.

#### 24 Other Reserves

Share Premium Account - pursuant to sections 641 and 642(1) of the Companies Act 2006, the members of Pure Leisure Group Limited provided a solvency statement and approved a special resolution in order to undertake a reduction of capital during the year ended 31 January 2012. The share premium account was subsequently reduced from £90,836,000 to £60,836,000, with the reduction being treated as a distributable reserve of the Company.

On 25 January 2019 in order to create distributable reserves the Company further reduced its share premium account from £60,836,000 to £nil. The reduction was carried account by way of the solvency statement procedure under sections 641 to 644 of the Companies Act 2006.

Profit and loss account – includes all current and prior period retained profit and losses.

#### 25 Financial commitments, guarantees and contingent liabilities

##### Contingent liabilities

The company is in dispute with the Barbados Water Authority (BWA) over unpaid invoices totalling \$862,000 for water supplied up to 28 February 2008. BWA alleges that Coronation International Golf Limited trading as Royal Westmorland (RWM) is responsible for the volume of water supplied to the RWM estate less the individual billings to the entities within the RWM estate.

The company is in possession of a leak survey from a third party consultant which concluded that there were 32 metres registered to homeowners on the Resort that were not recording any flow of water. Therefore CIGL thought it prudent to accrue the sum of \$430,000, approximately half of the unpaid invoices to meet any liability. On 24 October 2008, RWM reached an agreement with BWA to pay the sum of \$291,602 while BWA continues to research the reason(s) for the amount billed to RWM totalling \$862,000. At 31 January 2020, BWA research is still ongoing therefore RWM has an accrual of \$138,398 to meet unforeseen liability.

At 31 January 2020, Coronation International Golf Limited received two bills in the sum of \$8,849,217 for bulk metered water. The company's Attorney advised that these bills are being legally contested. The directors are firmly of the view that we have meticulously set out the basis for the invoicing of water consumption in a logical, technical, factual and methodical way and contest that these invoices have been issued in error. Accordingly, no provision is made for those bulk meter billings.



# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### Contingent liabilities (continued)

In order for the subsidiary companies detailed in note 13 to take the audit exemption in section 479A of the Companies Act 2006, the company has guaranteed all outstanding liabilities of those subsidiary companies at 31 January 2020 until those liabilities are satisfied in full.

#### 26 Operating lease commitments

##### Lessee:

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Group	2020 £000	2019 £000
Within one year	23	52
Between one and five years	-	21
	<u>23</u>	<u>73</u>
	<u>23</u>	<u>73</u>
Company	2020 £000	2019 £000
Within one year	-	6
	<u>-</u>	<u>6</u>
	<u>-</u>	<u>6</u>

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

#### 27 Related party transactions

During the year the Group was charged £Nil (2019: £133,333) for consultancy services by the JC Morphet Group Limited, a company wholly owned by Mr JC Morphet. At the year end there were no amounts outstanding and included in creditors (2019: Nil).

The personal leisure parks owned by Mr JC Morphet, Fell End Caravan Park, Hallmore Caravan Park and the Crook O Lune Holiday Park have been provided as security for the Group HSBC facility.

Pure Leisure Group Limited charged Pure Leisure, a sole trader business owned by Mr JC Morphet a management charge £398,000 (2019: £506,000) in respect of services provided to that business. At the year end there were no amounts outstanding.

In addition, in the year the Group had net expenses paid for by Pure Leisure and Mr JC Morphet (net of transfers paid) totalling £616,457 and the group recharged transport costs of £47,000 to Pure Leisure. Pure Leisure made payments of £506,000 on behalf of the Group. In the prior year the Group had net expenses paid for by Pure Leisure and Mr JC Morphet (net of transfers paid) totalling £2,235,616.

The net balance due to Mr JC Morphet is £3,517,211 (2019: £3,462,048) and is included in amounts due to and from related parties.

During the year the following transactions were undertaken with Pure Leisure Air (North West) LLP, a limited liability partnership co-owned by John Morphet:

Sales	£14,571	(2019: £8,805)
Purchases	£477,000	(2019: £171,200)
Management charges	£20,400	(2019: £20,400)

The net amount due from Pure Leisure Air (North West) LLP at 31 January 2020 was £49,809 (2019: £345,661).

Pure Leisure Products Limited is a company 50% owned by Mr JC Morphet. Transactions with Pure Leisure Products Limited include - sales £42, debtor £340, purchases £8.

#### Key Management Compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2020 £000	2019 £000
Salaries and other short-term benefits	753	897

#### Company

Other than the transactions disclosed above the Company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed as the company has taken advantage of the exemption under Financial Reporting Standard 102.

Transactions with subsidiaries that are not 100% owned (Pure Pendle Limited and Lowther Holiday Park Limited) are detailed as follows: Lowther Holiday Park Limited – sales £3,405,671, debtor £1,212,273, purchases £173,213, management fees received £85k, transport recharges £33k. Pure Pendle Limited – interest £5,921, £172,908 debtor.

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

#### 28 Controlling party

The ultimate controlling party of the group is Mr John Morphet, who is the sole shareholder.

#### 29 Cash generated from operations

	Group	
	2020	2019
	£000	£000
Profit for the financial year	4,335	10,710
Tax on profit on ordinary activities	1,705	1,919
Net interest expense	1,390	1,384
Amortisation and impairment of intangible assets	57	42
Depreciation and impairment of tangible fixed assets	1,677	1,468
Foreign exchange gains on cash equivalents	(1,781)	1,083
Decrease in provisions		(767)
Decrease/(Increase) in stock	168	(294)
Decrease/(Increase) in trade and other debtors	123	(1,042)
Increase/(Decrease) in creditors	3,757	(4,380)
<b>Cash flow from/(used in) operating activities</b>	<b>11,431</b>	<b>10,123</b>

#### 30 Post balance sheet events

In October 2020, the group acquired the business and assets of Gledfield Estate, a large highland estate in Scotland for £4.6m.

On 11 March 2020 the World Health Organisation declared Covid-19, a strain of the coronavirus, a world pandemic. Countries around the world, including the UK have taken action to limit the loss of life as a result. This has resulted in many measures with the aim of restricting movement and to reduce people coming into contact with each other. This included the closure of non-essential retail, leisure and hospitality businesses and on 23 March 2020 our holiday parks and overseas resort had to temporarily close re-opening on 4 July. There have been further national lockdowns in November and December 2020 which has again resulted in the UK holiday parks closing.

The Group operates in the leisure sector and has therefore benefited from rates relief and grant income. In addition some staff were placed on the Governments furlough scheme enabling the majority of their payroll costs to be covered by the Government for the period the park was closed. The Group has taken measures to reduce its costs where it can. In the periods between lockdowns business has been strong and together with the reliefs provided, the Group's post year end performance has been positive.

Post year end the Company entered into a contractual arrangement which grants a third party the ability to acquire a UK subsidiary on favourable terms. The conditions attaching to the contractual arrangement means that it is inappropriate at this stage to provide an estimate of its financial effect.

#### 31 Acquisitions of subsidiaries

On 12 July 2019, Pure Leisure Group Ltd acquired 100% of the issued share capital of Trawsfynydd Holidays Limited which is a company incorporated in the UK and is a leisure park operator which includes the sale of log cabins. The cost of the acquisition comprised cash consideration of £2,895k.

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

#### 31 Acquisitions of subsidiaries (continued)

Also on 12 July 2019, Pure Leisure Group Ltd acquired 100% of the issued share capital of DWR Bronaber CYF which is a company incorporated in the UK and owns and operates a borehole. The cost of the acquisition comprised cash consideration of £5k.

Consolidated turnover and consolidated profit after tax comprise turnover of £632k and profit after tax of £156k contributed by Trawsfynydd Holidays Limited and DWR Bronaber CYF between the date of their acquisition and the 31 January 2020. The goodwill arising on these acquisitions of £104k is considered to have a useful life of 5 years.

The acquisitions of Trawsfynydd Holidays Limited and DWR Bronaber CYF have been accounted for using the acquisition method of accounting. At 12 July 2019 (the 'acquisition date'), the assets and liabilities of Trawsfynydd Holidays Limited and DWR Bronaber CYF were consolidated at their fair values to the Group, as set out below:

	Initial book value £'000	Fair value adjustment £'000	Fair value at date of acquisition £'000
Tangible fixed assets	1,865	1,135	3,000
Stocks	300	-	300
Debtors	33	-	33
Bank	151	-	151
<b>TOTAL ASSETS</b>	<b>2,349</b>	<b>1,135</b>	<b>3,484</b>
Creditors	7	-	7
Other creditors	247	-	247
Bank loans and overdrafts	19	-	19
Corporation tax	136	-	136
Deferred tax	4	193	197
<b>TOTAL LIABILITIES</b>	<b>413</b>	<b>193</b>	<b>606</b>
<b>NET ASSETS</b>	<b>1,936</b>	<b>942</b>	<b>2,878</b>
Goodwill			104
<b>Total consideration</b>			<b>2,982</b>
Satisfied by:			
- Cash			2,900
- Acquisition costs			82
			<b>2,982</b>

# PURE LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2020

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#### 32 Acquisitions of trade and assets

On 1 May 2019 a subsidiary company, Docker Park Farm Kirkby Lonsdale acquired the trade and assets of another entity, Docker Park Farm Limited. The cost of the acquisition comprised cash consideration of £670k. The assets on acquisition, are set out below:

	Initial book value £'000	Fair value adjustment £'000	Fair value at date of acquisition £'000
Tangible fixed assets	670	-	670
<b>NET ASSETS</b>	<b>670</b>	<b>-</b>	<b>670</b>
<b>Total consideration</b> (satisfied by cash)			<b>670</b>